

NEWS FROM

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Financial Aid Tip of the Month, October 2005

Don't be taken in by something that sounds too good to be true

Now is the time of year parents of college-bound students hear from companies that promise to help them find financial aid to pay for college.

There's no need to pay for this kind of information, but if you decide to do so, make sure you're dealing with a reputable company.

The Federal Trade Commission cautions students to be especially skeptical about scholarship search companies and websites that make these claims:

- “You’ve been selected by a national foundation to receive a scholarship.” Check with a guidance counselor or The Foundation Center at www.fdncenter.org to find out if the foundation is legitimate. Be especially wary if you’re notified that you’re a finalist in a scholarship contest you didn’t enter.
- “We’ll do all the work.” It’s highly unlikely that the company will fill out all the applications for all the financial aid sources it sends you.
- “I just need your credit card or bank account number to hold this scholarship.” Never give these numbers to a person or company you’re not sure about. You could find your credit card maxed out and your bank account cleaned out.
- “This scholarship will cost some money.” Some legitimate scholarships do have up-front fees, but they shouldn’t be more than \$5 or \$10.
- “You’re guaranteed to get money for college or your money back.” Read the fine print. To get a refund, you may have to receive a rejection letter from every source on the list. Unscrupulous companies have been known to give students sources that don’t exist, so you can’t get a rejection letter. The fine print may also state that **all** types of student aid are included, so if you don’t get any scholarships but do get a student loan, you can’t get your money back.
- “You can’t get this information anywhere else.” It’s highly unlikely that you can’t find the information by working with your guidance counselor, checking out sources in the library or doing a free online scholarship search. You can do a free search on the AlabamaMentor site by going to www.alabamamentor.org and clicking on the Financial Aid button.

For more information about college financial aid, visit www.alabamamentor.org; write the Alabama Student Loan Program, 100 North Union Street, Suite 308, Montgomery, AL 36104-3762; or call 334-265-9720, toll free (800) 721-9720.